

AMENDED IN SENATE APRIL 30, 2014

AMENDED IN SENATE APRIL 7, 2014

SENATE BILL

No. 1176

Introduced by Senator Steinberg

February 20, 2014

An act to add Section 1367.0061 to the Health and Safety Code, and to add Section 10112.281 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 1176, as amended, Steinberg. Health care coverage: cost sharing: tracking.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care. A willful violation of the act is a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law requires a plan or insurer to limit annual out-of-pocket expenses for all covered benefits, as specified.

This bill would require a health care service plan or health insurer to be responsible for monitoring the accrual of out-of-pocket costs. The bill would require a health care service plan or health insurer to track the accumulation of cost sharing for covered essential health benefits attributed to in-network providers, and would prohibit those entities from requiring consumers to track or monitor those costs. The bill would require a plan or insurer to accept claims from the provider or the consumer with respect to cost sharing for out-of-network providers who are providing certain emergency services or otherwise providing covered benefits. The bill would also require a plan or insurer to notify each

enrollee or insured, *within 30 days*, when his or her cost sharing has reached the maximum annual out-of-pocket limit for covered essential health benefits and to reimburse an enrollee or insured within 30 days of receiving a claim for cost sharing paid in excess of the maximum annual out-of-pocket limit. *The bill would require that the enrollee or insured have the opportunity to review the accrual of cost sharing and provide additional information regarding cost sharing that should be credited to the out-of-pocket limit.* Because a willful violation of the bill's provisions by a health care service plan would be a crime, the bill would impose a state-mandated local program.

This bill would make these provisions applicable to nongrandfathered individual and group health care service plans, specialized health care service plans that provide coverage for essential health benefits, nongrandfathered individual and group health insurers, and specialized health insurers that provide coverage for essential health benefits.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1367.0061 is added to the Health and
2 Safety Code, immediately following Section 1367.006, to read:
3 1367.0061. (a) ~~The~~—*This section shall apply to*
4 *nongrandfathered individual and group health care service plans*
5 *and to specialized health care service plans that provide coverage*
6 *for essential health benefits, as defined in Section 1367.005, and*
7 *that are issued, amended, or renewed on or after January 1, 2015.*
8 (b) *The health care service plan shall be responsible for*
9 *monitoring accrual of out-of-pocket costs as defined in Section*
10 *1367.006.*
11 ~~(b)~~
12 (c) *The health care service plan shall track the accumulation of*
13 *cost sharing for covered essential health benefits attributed to*
14 *in-network providers, including contracted vendors. The plan shall*
15 *not require consumers to track or monitor the accumulation of cost*

1 sharing for covered essential health benefits attributed to
2 in-network providers, including contracted vendors.

3 ~~(e)~~

4 (d) For cost sharing attributed to out-of-network providers who
5 are providing emergency services consistent with Section 1371.4
6 or otherwise providing covered benefits, *subject to the annual limit*
7 *on out-of-pocket expenses as specified in Section 1367.006*, the
8 health care service plan shall accept claims from the provider or
9 the consumer with respect to cost sharing.

10 ~~(d)~~

11 (e) If the cost sharing for covered essential health benefits
12 attributable to an enrollee exceeds the maximum annual
13 out-of-pocket limits, the health care service plan shall be
14 responsible for reimbursing the individual within 30 days of receipt
15 of claims information.

16 ~~(e) The~~

17 (f) *Within 30 days*, the health care service plan shall notify each
18 enrollee when the enrollee's cost sharing has reached the maximum
19 annual out-of-pocket limit for covered essential health benefits.

20 (g) *The enrollee shall have the opportunity to review the accrual*
21 *of cost sharing and provide additional information regarding cost*
22 *sharing that should be accrued to the annual out-of-pocket limit.*

23 ~~(f)~~

24 (h) Nothing in this section shall be construed as requiring the
25 enrollee to determine or identify when the maximum annual
26 out-of-pocket limit for covered benefits has been reached.

27 SEC. 2. Section 10112.281 is added to the Insurance Code,
28 immediately following Section 10112.28, to read:

29 10112.281. (a) ~~The~~ *This section shall apply to*
30 *nongrandfathered individual and group health insurers and to*
31 *specialized health insurers that provide coverage for essential*
32 *health benefits, as defined in Section 10112.27, and that are issued,*
33 *amended, or renewed on or after January 1, 2015.*

34 (b) The health insurer shall be responsible for monitoring accrual
35 of out-of-pocket costs as defined in Section 10112.28.

36 ~~(b)~~

37 (c) The health insurer shall track the accumulation of cost
38 sharing for covered essential health benefits attributed to
39 in-network providers, including contracted vendors. The insurer
40 shall not require consumers to track or monitor the accumulation

1 of cost sharing for covered essential health benefits attributed to
2 in-network providers, including contracted vendors.

3 ~~(e)~~

4 (d) For cost sharing attributed to out-of-network providers who
5 are providing emergency services consistent with Section 10112.7
6 or otherwise providing covered benefits, *subject to the annual limit*
7 *on out-of-pocket expenses as specified in Section 10112.28*, the
8 health insurer shall accept claims from the provider or the consumer
9 with respect to cost sharing.

10 ~~(d)~~

11 (e) If the cost sharing for covered essential health benefits
12 attributable to an insured exceeds the maximum annual
13 out-of-pocket limits, the health insurer shall be responsible for
14 reimbursing the individual within 30 days of receipt of claims
15 information.

16 ~~(e) The~~

17 (f) *Within 30 days, the* health insurer shall notify each insured
18 when the insured's cost sharing has reached the maximum annual
19 out-of-pocket limit for covered essential health benefits.

20 (g) *The insured shall have the opportunity to review the accrual*
21 *of cost sharing and provide additional information regarding cost*
22 *sharing that should be accrued to the annual out-of-pocket limit.*

23 ~~(f)~~

24 (h) Nothing in this section shall be construed as requiring the
25 insured to determine or identify when the maximum annual
26 out-of-pocket limit for covered benefits has been reached.

27 SEC. 3. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 the only costs that may be incurred by a local agency or school
30 district will be incurred because this act creates a new crime or
31 infraction, eliminates a crime or infraction, or changes the penalty
32 for a crime or infraction, within the meaning of Section 17556 of
33 the Government Code, or changes the definition of a crime within
34 the meaning of Section 6 of Article XIII B of the California
35 Constitution.